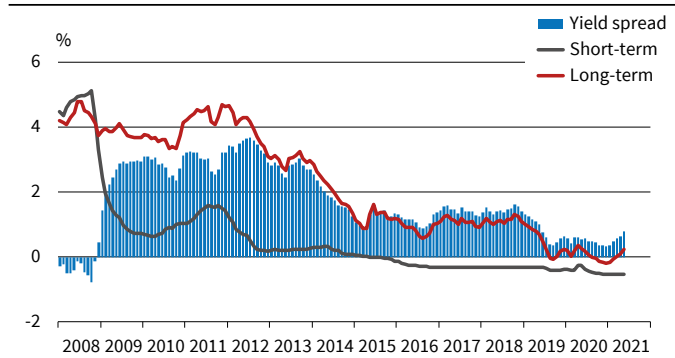


Statistics Update

Financial Conditions in the Euro Area

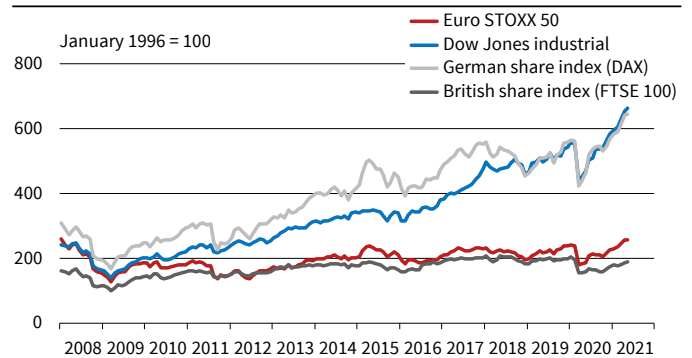
Nominal Interest Rates^a



^a Weighted average (GDP weights).
Source: European Central Bank; calculations by the ifo Institute. © ifo Institute

In the three-month period from March 2021 to May 2021 short-term interest rates remained unchanged: the three-month EURIBOR rate amounted to - 0.54% in all these months. The ten-year bond yields increased from 0.03% in March 2021 to 0.24% in May 2021, while the yield spread also grew from 0.57% to 0.78% in the same time period.

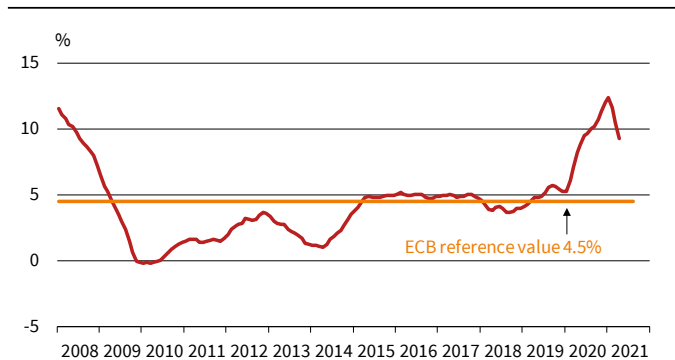
Stock Market Indices



Source: Deutsche Börse; Dow Jones; FTSE; STOXX. © ifo Institute

The global fears about the spread of the Coronavirus, oil price drops caused by an oil price war between Russia and the OPEC countries, and the possibility of a recession led to the stock market crash in March 2020, and global stocks saw a severe downturn in this month. Yet the German stock index DAX continued to grow in May 2021, averaging 15,312 points compared to 15,225 points in April 2021, while the UK FTSE-100 also increased from 6,923 to 7,024 in the same period of time. The Euro STOXX amounted to 4,004 in May 2021, up from 3,984 in April 2021. Furthermore, the Dow Jones Industrial continued to increase, averaging 34,283 points in May 2021, compared to 33,774 points in April 2021.

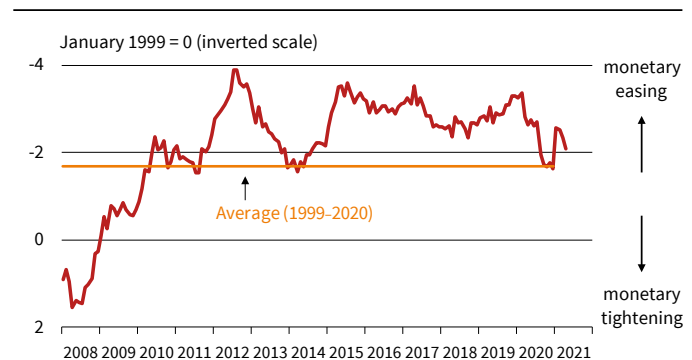
Change in M3^a



^a Annual percentage change (3-month moving average).
Source: European Central Bank. © ifo Institute

The annual growth rate of M3 decreased to 8.4% in May 2021, from 9.2% in April 2021. The three-month average of the annual growth rate of M3 over the period from March 2021 to May 2021 reached 9.2%.

Monetary Conditions Index



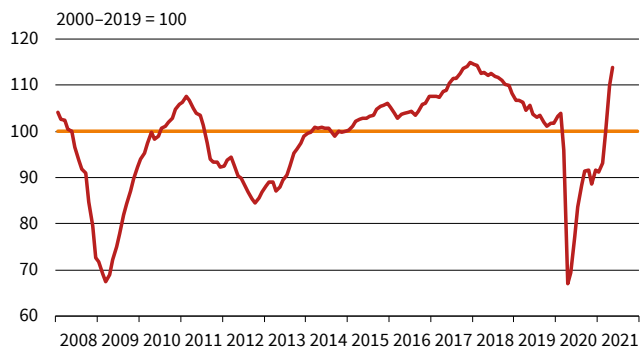
Source: European Commission. © ifo Institute

Between April 2010 and July 2011, the monetary conditions index had remained stable. Its rapid upward trend since August 2011 had led to the first peak in July 2012, signaling greater monetary easing. In particular, this was the result of decreasing real short-term interest rates. In May 2017 the index had reached one of the highest levels in the investigated period since 2007 and its slow downward trend was observed thereafter. A steady upward trend that had prevailed since October 2018 was abruptly halted in March 2020 with the onset of the Covid-19 crisis, and the index continued to decline in 2020. Its rapid growth in January 2021 was again followed by a continuous decline of the index in the months February to April 2021.

EU Survey Results

EU27 Economic Sentiment Indicator

Seasonally adjusted



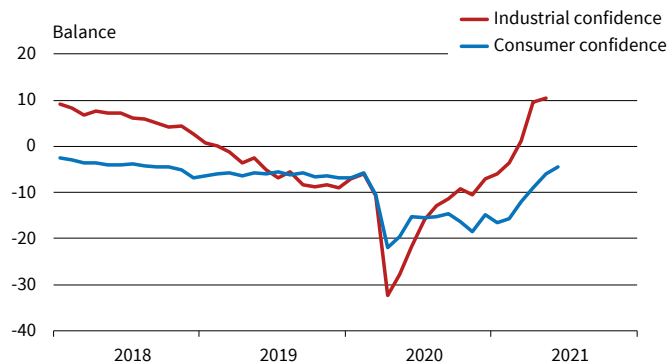
Source: European Commission.

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In May 2021, the *Economic Sentiment Indicator* (ESI) increased again strongly, gaining 4.0 points in both the EU and the EA compared to April 2021. At 113.9 (EU27) and 114.5 (EA19) points, the ESI scores markedly above its long-term average and pre-pandemic level, close to its December 2017 peak. In the EU27, the ESI's increase was driven by improving confidence in the services sector, but all other surveyed business sectors (i.e. industry, retail trade, construction) and consumers recorded an improvement.

EU27 Industrial and Consumer Confidence Indicators

Percentage balance, seasonally adjusted



Source: European Commission.

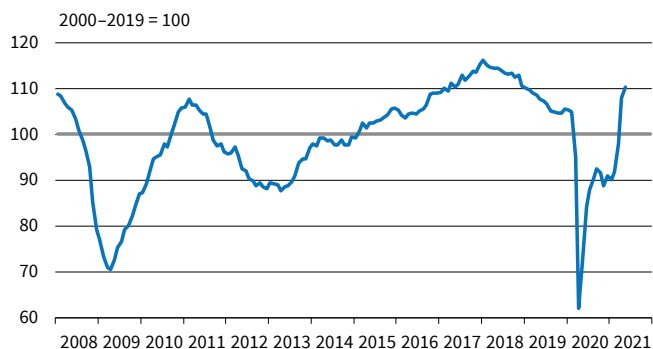
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* The industrial confidence indicator is an average of responses (balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).
 ** New consumer confidence indicators, calculated as an arithmetic average of the following questions: financial and general economic situation (over the next 12 months), unemployment expectations (over the next 12 months) and savings (over the next 12 months). Seasonally adjusted data.

In May 2021, the *industrial confidence indicator* increased by 0.9 in the EU27 and by 0.6 in the euro area (EA19), compared to April 2021. The *consumer confidence indicator* also rose by 3.0 in both the EU27 and the EA19 in May 2021, compared to April 2021.

EU27 Employment Expectations Indicator

Seasonally adjusted



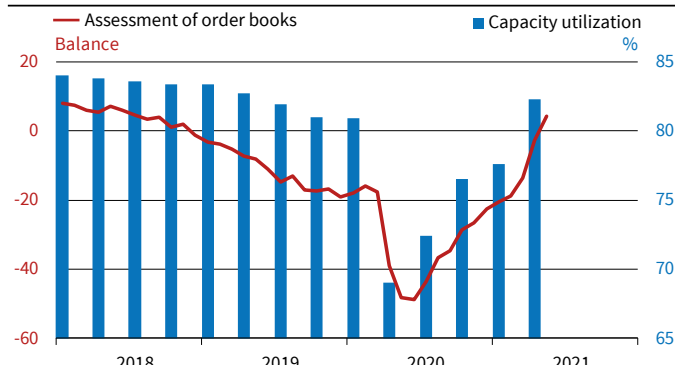
Source: European Commission.

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In May 2021 the *Employment Expectations Indicator* (EEI) saw an additional strong increase (+ 2.4 points to 110.3 in the EU27 and + 2.9 points to 110.1 in the euro area), bringing it further above its long-term average in both areas.

EU27 Capacity Utilisation and Order Books in the Manufacturing Industry

Seasonally adjusted



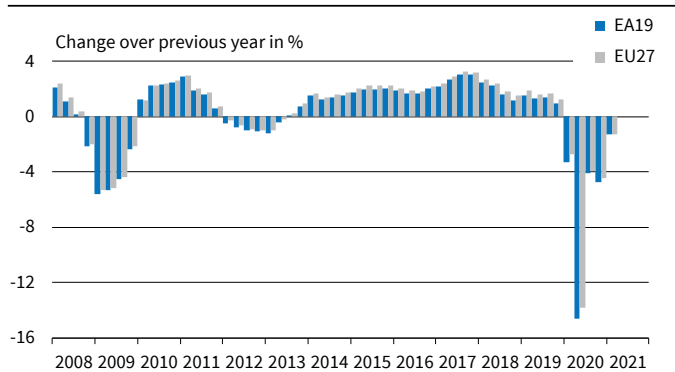
Source: European Commission.

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Managers' assessment of *order books* reached 4.4 in May 2021, compared to - 2.8 in April 2021. In March 2021 the indicator had amounted to - 13.5. *Capacity utilization* stood at 82.3 in the second quarter of 2021, up from 77.6 in the first quarter of 2021, showing the gradual improvement from the Covid-19 shock.

Euro Area Indicators

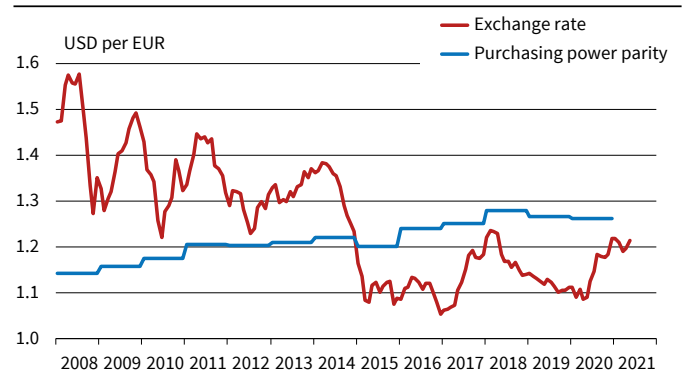
Gross Domestic Product in Constant 2015 Prices



Source: Eurostat. © ifo Institute

According to the Eurostat estimates, seasonally adjusted GDP decreased by 0.3% in the euro area and by 0.1% in the EU during the first quarter of 2021, compared to the previous quarter. These declines follow falls in the fourth quarter of 2020 (-0.6% in the EA19 and -0.4% in the EU27), after a strong rebound in the third quarter of 2020 (+12.6% in the EA19 and +11.7% in the EU27). Compared to the first quarter of 2020, i.e., year over year, (seasonally adjusted) GDP decreased by 1.3% in the EA19 and by 1.2% in the EU27 in the first quarter of 2021.

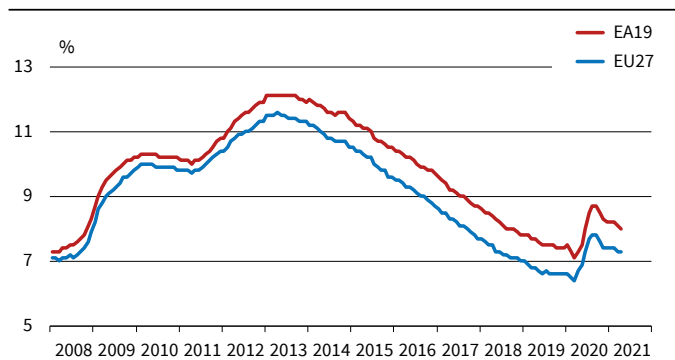
Exchange Rate of the Euro and Purchasing Power Parity



Source: European Central Bank; OECD; calculations by the ifo Institute. © ifo Institute

The exchange rate of the euro against the US dollar averaged approximately 1.20 \$/€ between March 2021 and May 2021. (In February 2021 the rate had amounted to around 1.21 \$/€.)

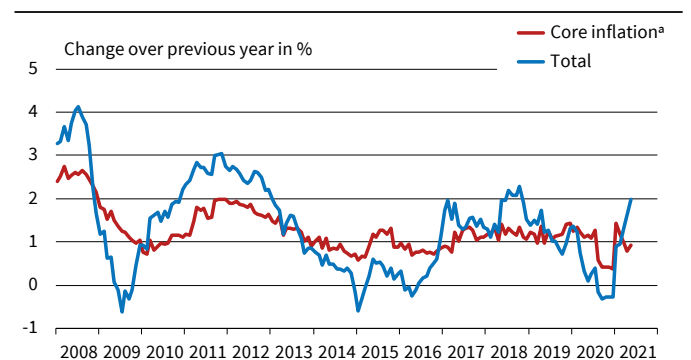
Unemployment Rate



Source: Eurostat. © ifo Institute

Euro area unemployment (seasonally adjusted) amounted to 8.0% in April 2021, down from 8.1% in March 2021. The EU27 unemployment rate was 7.3% in April 2021, stable compared to March 2021. In April 2021 the lowest unemployment rate was recorded in Poland (3.1%), Czechia and the Netherlands (both 3.4%), while the rate was highest in Greece (15.8%) and Spain (15.4%).

Euro Area Inflation Rate (HICP)



^a Total excl. energy and unprocessed food. Source: Eurostat. © ifo Institute

Euro area annual inflation (HICP) amounted to 2.0% in May 2021, up from 1.6% in April 2021. Year-on-year EA19 core inflation (excluding energy and unprocessed foods) amounted to 0.9% in May 2021, up from 0.8% in April 2021.